

Before the
Federal Communications Commission
Washington, DC 20554

OCT 16 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Application by Verizon New England,)
Inc., Bell Atlantic Communications,)
Inc. (d/b/a Verizon Long Distance),)
NYNEX Long Distance Company)
(d/b/a Verizon Enterprise Solutions),)
and Verizon Global Networks, Inc.,)
for Authorization to Provide)
In-region, InterLATA Services in)
Massachusetts)

CC Docket No. 00-176 /

**COMMENTS OF
Z-TEL COMMUNICATIONS, INC.**

Z-Tel Communications, Inc. ("Z-Tel"), by its attorneys, hereby submits its comments in response to the Commission's Public Notice (DA 00-2159) in the above-captioned proceeding. The Public Notice invites interested parties to comment on the Application of Verizon New England, Inc., *et al.* (collectively "Verizon") to provide in-region interLATA services in the State of Massachusetts, pursuant to section 271 of the Communications Act of 1934, as amended.

I. INTRODUCTION AND SUMMARY

Z-Tel is a Tampa, Florida-based integrated communications provider that offers bundled packages of local, long distance, and enhanced services to residential customers using the combination of unbundled network elements ("UNEs") known as the UNE Platform, or "UNE-P."¹ By these comments, Z-Tel states that Verizon, based on its

¹ Z-Tel expressly limits the comments herein to the products and services that Z-Tel presently purchases from Verizon, and Z-Tel's experience with those items. In Massachusetts, Z-Tel presently purchases UNE-P combinations from Verizon, and Z-Tel utilizes Verizon's graphical user interface ("GUI") to order UNE-P from Verizon. Z-Tel has no experience with other Verizon offerings or ordering interfaces.

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decision to lower voluntarily unbundled local switching ("ULS") rates in Massachusetts,² has satisfied the competitive checklist insofar as it relates to Verizon's provision of UNE-P to Z-Tel for residential consumers in Massachusetts.

II. Z-TEL'S PRODUCT OFFERING AND MASS-MARKET ENTRY STRATEGY

Z-Tel's flagship product is known as "Z-Line Home Edition," which consists of a bundled package of local, long distance, and enhanced services, such as voicemail, caller ID, call waiting, "follow me," and internet features and functions. Z-Tel first began providing a UNE-P based residential offering in New York during the summer of 1999, and since that time, Z-Tel has entered a number of other states, including Georgia, Massachusetts, Maryland, Pennsylvania, Oregon, and Texas. Z-Tel has established test customers in California, Illinois, and Michigan.

Z-Tel's fundamental business goal is to provide bundled packages of local, long distance, and enhanced services to as many residential customers in as many states as possible. Whether and to what extent Z-Tel enters a state depends on two primary factors: (1) the quality of the operations support systems ("OSS") provided by the incumbent and (2) the non-recurring and recurring charges for UNEs. If the OSS

² As described below, Verizon has voluntarily lowered its UNE rates associated with ULS to match those in effect in New York. Z-Tel understands, and on that basis believes, that Verizon is committed to maintaining the New York ULS rates in Massachusetts until such time as the Department of Telecommunications and Energy ("DTE") completes a UNE rate case, which is scheduled to begin sometime in 2001. Verizon's decision to match its Massachusetts ULS rates with its New York rates is consistent with Z-Tel's view that ULS rates should be substantially similar across an incumbent's region, as incumbents purchase circuit switching through region-wide contracts, not on a state-by-state basis.

provided by the incumbent can support large volumes of orders, and if the rates are reasonable, then Z-Tel will aggressively mass market its Home Edition product to residential customers in that state. Z-Tel needs neither perfection nor an imminent section 271 authorization to spur it into the residential market. Z-Tel needs only reasonable OSS and reasonable rates for the components that comprise the UNE-P.

III. ANALYSIS

In Massachusetts, as well as in New York, the OSS provided by Verizon is sufficient to support Z-Tel's mass-market offering.³ However, Z-Tel has not conducted an aggressive marketing campaign in Massachusetts because the rates for the elements comprising the UNE-P have been too high to enable Z-Tel to profitably offer a competitive product. Z-Tel negotiated a promotional discount on some usage-sensitive rates with Verizon in July, 2000. These rates allowed Z-Tel to reduce the rate for its bundled service and to begin marketing to a small number of customers in Massachusetts. Although these interim rates enabled limited entry, they were still too high to justify an aggressive marketing campaign.

On October 13, 2000, Verizon Massachusetts filed tariff revisions with the Massachusetts Department of Telecommunications and Energy ("DTE") to reduce the rates for analog line ports, switching, and transport to rate levels currently in effect for Verizon New York. While Z-Tel believes that some of the costs that supported the

³ Z-Tel raised several issues regarding OSS problems during the Massachusetts DTE proceeding, including line loss report, GUI outages, and extended due dates for installations caused by a lack of cut-through functionality in Verizon's GUI. These problems have largely been addressed for Verizon-North, and Verizon has committed to implement the cut-through functionality in a December software release.

development of those rates may be overstated,⁴ the rates are a much more accurate reflection of forward-looking cost than were the rates in effect prior to that date. Further, these rates will enable Z-Tel to increase its marketing efforts in Massachusetts, and bring the benefits of competition to residential customers in Massachusetts.⁵

IV. CONCLUSION

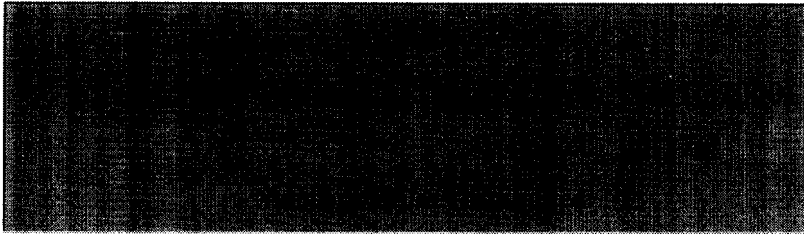
Based upon the steps Verizon has taken to improve the stability of the GUI and improve the line loss report, and its commitment to implement cut-through functionality for UNE-P CLECs in December, Verizon has satisfied all the OSS concerns raised by Z-Tel in the Massachusetts DTE's 271 proceeding. With its tariff filing of October 13, 2000, Verizon has corrected the only defect that remained – the pricing of UNEs. Therefore, with respect to its provision of residential UNE-P through the GUI

⁴ Z-Tel is presently participating in the ongoing UNE cost proceeding in New York. In that proceeding, Z-Tel is arguing that the cost-based rate for a number of UNEs is lower than the rates currently in place in New York. Z-Tel also is arguing that the rate structure for certain UNEs should be changed to reflect how costs are incurred by Verizon. For example, Verizon incurs no sensitive costs in providing ULS to competitors, yet the ULS UNE is provided in part on a usage-sensitive basis.

⁵ Because Z-Tel received notice of Verizon's tariff filing only one business day prior to the due date for these comments, Z-Tel has not yet been able to determine whether it will make further changes to its bundled package as a result of the new rates.

**Federal Communications Commission**

**The FCC Acknowledges Receipt of Comments From ...
Z-Tel Communications, Inc.
...and Thank You for Your Comments**

		
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updated 07/07/00

OSS, Z-Tel sees no impediment to Commission approval of Verizon's section 271 application.

Respectfully submitted,



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